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 TO CENTRAL AMERICAN CARIBBEAN BASIN COLLECTIVE
 INFO RUEHOT/AMEMBASSY OTTAWA 7490
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E.O. 12065: N.A.
 TAGS: ECIN
 SUBJECT: CBI CONGRESSIONAL UPDATE

1. THE HOUSE FOREIGN AFFAIRS SUBCOMMITTEES ON INTER-AMERICAN AFFAIRS (BARNES) AND INTERNATIONAL ECONOMIC POLICY (BINGHAM) HELD A JOINT MARKUP MAY 11 ON THE CBI SUPPLEMENTAL. SEVERAL AMENDMENTS WERE PASSED WITH EACH SUBCOMMITTEE VOTING SEPARATELY AND DIFFERENTLY. THE BINGHAM SUBCOMMITTEE PASSED A SUBSTITUTE SUPPLEMENTAL ESF AUTHORIZATION WHICH PLACED NUMEROUS RESTRICTIONS ON THE \$350 MILLION. THE SUBSTITUTE LANGUAGE EARMARKED 80 PERCENT OF THE COUNTERPART AND 25 PERCENT OF THE DOLLARS FOR DEVELOPMENT ASSISTANCE, \$5 MILLION FOR SCHOLARSHIPS, \$3 MILLION FOR THE INTER-AMERICAN FOUNDATION, AND PUT A \$75 MILLION CAP ON THE AMOUNT THAT COULD GO TO ANY ONE COUNTRY. THE BARNES SUBCOMMITTEE REJECTED THIS SUBSTITUTE BUT PASSED THE \$75 MILLION CAP AND ALLOCATED THE AMOUNT TAKEN FROM EL SALVADOR TO CARIBBEAN COUNTRIES.

2. HAD THE SUBCOMMITTEES VOTED AS ONE THESE AMENDMENTS WOULD POSSIBLY NOT HAVE PASSED SO WE ARE OPTIMISTIC THAT THE AMENDMENTS CAN BE PARTIALLY IF NOT FULLY REVERSED IN THE FULL COMMITTEE MARKUP ON MAY 20.

3. THE BINGHAM SUBCOMMITTEE ALSO PROPOSED AND BOTH SUBCOMMITTEES APPROVED ADDITIONAL CRITERIA FOR THE PRESIDENT TO TAKE INTO ACCOUNT WHEN DESIGNATING COUNTRIES AS BENEFICIARIES FOR THE FREE TRADE AREA -- OBSERVANCE OF HUMAN RIGHTS, SUPPORT FOR TERRORISM, FAILURE TO CONTROL NARCOTIC TRAFFICKING, AND REFUSAL TO TAKE INTERNATIONAL DISPUTES TO APPROPRIATE U.N. DISPUTES SETTLEMENT PROCEDURES. THESE AMENDMENTS MAY BE DIFFICULT TO REVERSE IN THE FULL COMMITTEE BUT WE ARE HOPEFUL THE SENATE WILL PASS A BILL FREE OF THESE POLITICAL CRITERIA. HAIG
 END OF MESSAGE

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